



SILVER CROWN ROYALTIES INC.
(the “Corporation”)

BOARD MANDATE AND CHARTER

1. MANDATE OF THE BOARD OF DIRECTORS

Pursuant to the *Business Corporations Act* (Ontario), the board of directors (the “**Board**”) is required to supervise the management of the affairs and business of the Corporation. The Board’s principal responsibilities are to supervise and evaluate management, to oversee the conduct of the Corporation’s business, to set policies appropriate for the business of the Corporation and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.

2. DUTIES AND RESPONSIBILITIES

In discharging its duty of stewardship over the Corporation, the Board expressly undertakes the following specific duties and responsibilities:

- a) The Board monitors financial performance and considers, reviews and approves all significant strategic decisions, including all major decisions relating to acquisitions, divestitures and financing. The Board expects the Corporation’s senior officers to manage the business of the Corporation on a day-to-day basis and to keep the Board informed of all significant developments affecting the Corporation. The Board receives from management regular reports on the Corporation’s compliance with various legal requirements and internal control procedures, operational/management reports and any other relevant reports.
- b) The Corporation’s overall strategy is developed by management and is reviewed annually by the Board which considers the business and political risks and opportunities inherent in it.
- c) The Board identifies the principal risks to the Corporation, and reviews and assesses the methods and systems for managing such risks. In particular, the Audit Committee is responsible for reviewing the adequacy of the Corporation’s systems for identifying and managing financial risks.
- d) The Board regularly considers the integrity, quality and continuity of management required to achieve the Corporation’s goals. The Board is responsible for reviewing succession planning, senior management development and the performance of management against their annual objectives. Annually, the Board or a compensation

committee of the Board, if any, measures management's performance and total compensation against the objectives set in the annual budget.

- e) The Board annually reviews the Corporation's relations with shareholders, employees, financial analysts, the media and other stakeholders. The Corporation's goal is to outline procedures and practical guidelines for public disclosure and dissemination of material and non-material information about the Corporation and its subsidiaries. Senior officers are often available to shareholders and through the investor relations function they aim to provide clear and accessible information on the Corporation's operations and investments. The President and Chief Executive Officer ("CEO") is responsible for ensuring the consistency and accuracy of information released to analysts and others and that all such information is in the public domain.
- f) The Audit Committee reviews and provides recommendations to the Board on the adequacy of the internal controls. Management and external auditors provide to the Audit Committee regular reports on the Corporation's control environment. The internal control procedures are reviewed in detail to ensure they meet the new rules and Standards.

3. COMMITTEES

The Board delegates authority and responsibility to deal with certain specified matters to certain standing committees, of which currently only an Audit Committee has been established. The Board may in the future establish other committees.

Committees analyze policies and strategies developed by management that are consistent with their terms of reference. They examine proposals and, where appropriate, make Recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so. The committee structure may be subject to change as the Board considers from time to time which of its responsibilities can best be fulfilled through more detailed review of matters in committee.

Each committee operates according to a Board approved written mandate outlining its duties and responsibilities.

All Board committees operate under the following guidelines:

- a) Each committee will meet at least once each year, or more frequently as deemed necessary by the committee. The chair or any two members of a committee may call a meeting of the committee with notice in writing of not less than forty-eight (48) hours, exclusive of Saturdays, Sundays and holidays, unless notice is waived by all members of the committee.
- b) Committee Chairs, in consultation with committee members and management, will set the frequency and length of Committee meetings.

- c) Each committee Chair, in consultation with the appropriate members of management, develops the agenda for committee meetings. Any member of a committee may request an agenda item.
- d) If a committee Chair is not present at any meeting of a committee, one of the other members of the committee present at the meeting shall be chosen by the committee to chair the meeting.
- e) A committee member may participate in a committee meeting by means of such telephone, electronic or other communication facilities. A member participating in such a meeting by such means is deemed to be present at the meeting.
- f) A committee may invite such director or, in consultation with the CEO, such employees of the Corporation as may be considered desirable to attend meetings and to assist in the discussion and consideration of the business of the committee.
- g) A committee may, from time to time, require the expertise of outside resources. Each committee has the authority to engage, set the terms of and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.
- h) Quorum for the transaction of business at any committee meeting shall be a majority of the number of members of the committee or such greater number as the committee shall by resolution determine.
- i) At the next Board meeting following each meeting of a committee, the committee chairs report to the Board on the committees' activities. Minutes of committee meetings are made available to all directors and copies should be filed with the Secretary.
- j) Each committee shall conduct an annual performance self-evaluation and shall report to the Board the results of the self-evaluation.
- k) Each committee shall annually assess the adequacy of its Mandate and recommend any changes to the Board for approval. The Board may also from time to time form and empower other committees to carry out duties specified by resolution of the Board.

4. BOARD SIZE AND COMPOSITION

Nominees for directors are initially considered and recommended by the Board (or a Nominating Committee of the Board, if any) in conjunction with the Board chair, approved by the entire Board and elected annually by the shareholders.

A majority of directors comprising the Board must qualify as independent directors within the meaning of all applicable legal and regulatory requirements.

The Board is committed to reviewing its size periodically and currently considers five directors to be an appropriate number for the size of the Corporation and sufficient to provide an appropriate mix of backgrounds and skills for the stewardship of the Corporation.

At its meetings to approve Information Circulars for the Annual General Meeting of the shareholders of the Corporation, the Board shall consider and determine whether each director or director nominee is independent.

The Chairman of the Board will be selected by the Board. The Board may select the CEO as Chairman if that seems best for the Corporation at a given point in time.

5. INDEPENDENCE

The Board must have the capacity, independently of management, to fulfill the Board's responsibilities and must be able to make an objective assessment of management and assess the merits of management initiatives. Therefore, the Corporation is committed to the following practices:

- a) The recruitment of strong, independent directors, who shall compose a majority of the Board;
- b) Any director who is deemed independent and whose circumstances change such that he or she might be considered to no longer be an independent director, shall promptly advise the Board of the change in circumstances;
- c) The independent directors on the Board lead the CEO evaluation process;
- d) The majority of the Audit Committee is independent;
- e) Regular meetings of independent directors:
 - The independent directors shall meet as a group, without the presence of management or non-independent directors, at every quarterly Board meeting, or more frequently as needed.
 - The purpose of the meeting will be to provide an opportunity for the independent directors to raise issues that they did not wish to discuss with management present.

6. DIRECTOR TERMS

While directors are elected or re-elected annually by shareholders, there is an informal expectation by the Board that each director commit to serving their term at least until the next annual shareholders meeting. This review will occur every year thereafter and directors fully understand that nomination to the Board is not open-ended and is reviewed comprehensively every year. Between annual meetings of shareholders, the Board may appoint directors to serve until the next meeting, as appropriate.

7. BOARD MEETINGS

- a) The Board meets a minimum of four times per year, usually every quarter.
- b) The Chairman of the Board, in consultation with the CEO and the Secretary, develops the agenda for each Board meeting.
- c) The members of the Board are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting.
- d) The Board may adopt the use of consent resolutions for its convenience from time to time.
- e) A majority of the authorized number of directors fixed pursuant to By Law No. 1 of the Corporation constitutes a quorum for the transaction of business at a meeting and a quorum of directors may exercise all the powers of directors at a meeting. No business shall be transacted by the directors at a meeting unless a quorum is present.
- f) A director may participate in a Board meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
- g) Directors will maintain the absolute confidentiality of Board deliberations and decisions and information received at meetings, except as may be specified by the Chair, if the information is publicly disclosed by the Corporation, or as required by applicable law. The views or opinions of individual directors or managers shall be treated with an appropriate level of respect and confidence.
- h) Directors are expected to attend all meetings of the Board and the Committees upon which they serve, to come to such meetings fully prepared (including full review of all documentation sent prior to the meeting) and to remain in attendance for the duration of the meeting. Where a director's absence from a meeting is unavoidable, the director should, as soon as practicable after the meeting, contact the Chair, the CEO or the Secretary for a briefing on the substantive elements of the meeting.

8. SPECIAL MEETINGS OF THE BOARD

Special meetings of the Board may be held at any time at the call of the Chairman of the Board and the CEO, or any two directors.

Notice of a special meeting of the Board shall be given to all directors. Such notice shall be sent at least twenty-four (24) hours, exclusive of Saturdays, Sundays and holidays, before the time fixed for the meeting. If all directors are present at such meeting, notice thereof may be waived by them. If notice of the meeting is waived, all directors must sign a waiver.

9. BOARD MINUTES

The Chairman of the Board, the CEO and the directors shall be provided with the draft minutes of each meeting of the Board at the next Board meeting. The approved minutes serve as the official record of the Board meeting.

10. INFORMATION FOR BOARD MEETINGS

- a) All materials submitted for consideration by the Board or by a committee become part of the record of the Board and shall be deposited with the Secretary for maintenance, safekeeping and access.
- b) Materials assembled in support of Board meetings will be coordinated by the CEO and the Secretary will distribute them with the Board meeting agenda, not less than 2 business days prior to the meeting.
- c) Materials distributed to the directors in advance of Board meetings shall be concise, yet complete and prepared in a way that focuses attention on critical issues to be considered.
- d) Reports may be presented during Board meetings by directors, management or staff or by invited outside advisors. Presentations on specific subjects at Board meetings shall briefly summarize the materials sent to directors so as to maximize the time available for discussion on questions regarding the material.
- e) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.
- f) Matters that are brought to the Board for a decision, particularly those of a strategic or financial matter, will be in a format and at a level and type of information that enables the Board to make a decision. The Board and management will agree on the format and the checklist of information items required for the Board to make a decision.

11. APPOINTMENT AND RENUMERATION OF AUDITORS

The Board shall, subject to shareholder approval, be responsible for the engagement, remuneration and review of the performance of the Corporation's auditors.

12. RELIANCE ON MANAGEMENT

The Board is responsible for the appointment, oversight and direction of senior management (including through the development and review of position descriptions for the President and CEO and other members of senior management), who are responsible for the conduct of the day to day operations of the Corporation. In fulfilling its responsibilities, the Board is entitled to rely on

senior management to carry out the Corporation's approved strategic and business plans and directions from the Board, and to provide regular detailed reports on their areas of responsibility.

13. INTERACTION WITH MANAGEMENT

All directors have open access to the Corporation's senior management. It is expected that directors will exercise judgment to ensure that their contacts will not distract from the Corporation's business operations. The Board encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

The Board is also responsible for establishing expectations of senior management and for monitoring corporate performance against these expectations and the Corporation's strategic and business plans. The Board is responsible for determining the extent of authority to be delegated to management and the limitations to be placed on the exercise of that authority. The Board determines the nature and size of transactions that will require the prior approval of the Board and which other limitations should be placed on management's responsibility or authority.

14. RISK MANAGEMENT

The Board should have a continuing understanding of the principal risks associated with the business and it is the responsibility of management to ensure the Board and its committees are kept well informed of changing risks. The Board is also responsible for reviewing the integrity of the Corporation's internal controls and management information systems.

15. MANAGEMENT PERFORMANCE AND SUCCESSION PLANS

The Board (or the Compensation Committee of the Board, if any) is responsible for assessing the capabilities and performance of senior management, including in particular, the President and Chief Executive Officer. The Board is also responsible for ensuring that adequate plans are in place for senior management succession and training. The CEO's views as to a successor in the event of unexpected incapacity should be discussed annually with the Compensation Committee.

16. CEO AND SENIOR MANAGEMENT COMPENSATION

The Board (or the Compensation Committee of the Board, if any) is responsible for reviewing and approving the form and amount of compensation for the CEO and senior management.

17. BOARD PERFORMANCE EVALUATION

The Board is responsible for conducting an annual self-evaluation of its size, composition and effectiveness and the contributions of individual directors and for determining the form and amount of compensation for directors.

18. COMMUNICATIONS

The Board is responsible for approving the content of the Corporation's major communications to shareholders and the investing public, including the interim and annual reports, the Management Proxy Circular, the Annual Information Form, any prospectuses that may be issued and significant press releases.

The Board believes that it is the function of management, led by the CEO, to speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chairman of the Board or other individual directors may, from time to time, be requested by management to assist with such communications.

It is expected that when communications from shareholders are made to individual directors, management will be informed and consulted to determine any appropriate response to be made by the Board or management, as the case may be.

19. CORPORATE GOVERNANCE PRINCIPALS

The Board is committed to the achievement of business success and the enhancement of long-term shareholder value with the highest standards of integrity and ethics. In that regard, the Board has adopted a Code of Conduct and Ethics Policy to reflect a set of core values that provide the foundation for the Corporation's governance and management systems and its interactions with others.

20. CODE OF ETHICS

The Corporation has adopted a Code of Conduct and Ethics Policy for its officers, employees and consultants. This Code is available upon request to the Corporation's Secretary.

All who are affected by the Code are to review them and directors and officers acknowledge their support and understanding of the Code by signing them annually.

Directors must never be in an undisclosed conflict of interest with the Corporation. A director who has a real, perceived or potential conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding that matter.

21. PUBLIC DISCLOSURE

This mandate shall be included on the Corporation's website, and the mandate and/or a reference thereto may be included in the Corporation's public continuous disclosure record as may be required by applicable securities laws or as deemed advisable by management of the Corporation.